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Message Text

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20
ACTION NEA-10

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-04 H-02 INR-07 L-03

NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15 USIA-06 OMB-01

COME-00 EB-07 LAB-04 SIL-01 /070 W
---------- 039286
R 281519Z APR 76
FM AMEMBASSY CAIRO
TO SECSTATE WASHDC 2516
INFO AMCONSUL ALEXANDRIA POUCH

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EO 11652: NA
TAGS: ELAB PINT EG
SUBJECT: GOE GEARS UP FOR SADAT MAYDAY SPEECH

1. AS LABOR DAY (MAYDAY) AND MAJOR SADAT ADDRESS IN SUEZ DRAW NIGH, GOE HAS BEEN MOUNTING DISCREET PRESS CAMPAIGN TO NOTIFY SADAT'S MOST INTERESTED AUDIENCE--THE WORKERS--THAT THEY HAVE NOT BEEN FORGOTTEN. PRESS SPEAKS OF HIGH-LEVEL ATTENTION GIVEN TO PRICING, TAX AND EMPLOYMENT POLICIES, USUALLY WITHOUT DETAILS, BUT CREATING DEFINITE IMPRESSION THAT THESE WILL BE ENUNCIATED MORE CLEARLY BY SADAT AND FLEASHED OUT IN NEAR FUTURE. ACCENT HAS BEEN ON "GOOD NEWS" TO BE ANNOUNCED IN MAY DAY ADDRESS ("MEASURES TO LIGHTEN BURDEN OF TOILING PEOPLE AND EQUAL DISTRIBUTION OF LIVING BURDENS") WITH DUE ATTENTION TO LABOR UNION COOPERATION IN PREPARING SUEZ FESTIVITIES.

2. SOME ITEMS OF RECENT MENTION:

--PUBLIC SECTOR EMPLOYMENT REFORM INCLUDING STRINGENT APPLICATION OF MERIT SYSTEM FOR ADVANCEMENT OR DISMISSAL;

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-- EXEMPTION OF "LOW INCOME" GROUPS FROM FORTHCOMING

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REDUCTIONS IN COMMODITY SEBSIDIES, WITH END OF ACCESS
OF HIGH INCOME CITIZENS TO SUBSIDIZED COMMODITIES;

--WORKERS WILL HAVE 25 PERCENT OF SEATS ON ALL
COMMITTEES AND BODIES OF CENTER (GOVERNMENT) PLATFORM
OF ASU;

--TAX EXEMPTION FOR WORKERS PAID ON DAILY
BASIS WILL BE DOUBLED.

3. THRUST OF THESE OSTENSIBLE INDICATORS OF GOE
INTENTIONS SEEMS TO BE EFFORT TO CONVINCE WORKERS THAT
GOVERNMENT TRYING HARD TO RELIEVE INFLATION PRESSURES
AND, AT LEAST, MAKE A GESTURE IN THE DIRECTION
OF STEMMING APPARENT GROWTH IN GAP BETWEEN RICH AND
POOR. WHILE WORKERS, OF COURSE, HOPING FOR BEST ON
MAYDAY FOLLOWING DISAPPOINTMENTS OF SADAT'S MARCH 14
SPEECH, AND PROBABLY WILL RECEIVE ADDITIONAL SWEETNERS
FOR BITTER AUSTERITY PILL GOE FORCING THEM TO SWALLOW,
THEY MAY WELL BE LET DOWN AGAIN. ONE HINT OF THIS CAME
IN FINMIN'S APRIL 25 PRESS INTERVIEW WHEN HE MADE
VEILED REFERENCE TO GOE'S NEED FOR THREE YEARS FREE FROM
INFLATIONARY PRESSURES, PRESUMABLY INCLUDING WAGE
DEMANDS, TO PUT ITS HOUSE IN ORDER.

4. THERE NO HINT OF EASING OF UNEMPLOYMENT PROBLEM
IN PRE-MAYDAY WARMUP. INDEED, FUTURE LOOKS BLEAKER THAN
EVER. REPORT OF RECENT STUDY BY MANPOWER (LABOR)
MINISTRY PREDICTS WORKFORCE WILL GROW BY NEARLY
FIVE MILLION IN NEXT NINE YEARS. STUDY, WHICH REPORTED
ONLY IN ENGLISH LANGUAGE PRESS HERE, SUGGESTED THAT
PUBLIC SECTOR COULD EFFECTIVELY ABSORB BUT 1.5 MILLION
AND RECOMMENDED THAT REST BE TRAINED TO FILL TECHNICAL
MANPOWER NEEDS OR, AT LOCAL LEVEL, "IN ACCORDANCE WITH
LOCAL MARKET NEEDS." THIS SOUNDS FINE, EXCEPT THAT
EFFECTIVE TRAINING CAPABILITIES IN EGYPT ARE MINIMAL AT
BEST AND UNABLE TO COPE EVEN WITH PRESSING PROBLEMS WHICH
NOW EXIST.

5. LONG TERM PROBLEMS ASIDE, IT CLEAR THAT SADAT WILL HAVE
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TO MANAGE PROBLEM OF LABOR DISSATISFACTIONS AND EXPECTATIONS
WHICH SURE TO PLAGUE HIM IN NEXT TWELVE MONTHS. HE HAS
PRECIOUS FEW BONES TO TOSS TO LABOR IN MAYDAY ADDRESS
AND WILL NOT FIND IT EASY TO CONVINCE WORKERS TO TIGHTEN
BELTS WHEN MANY HAVE ALREADY EATEN THEIRS.
EILTS

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: EMPLOYMENT, POLICIES, MAY DAY, SPEECHES
Control Number: n/a
Copy: SINGLE
Draft Date: 28 APR 1976
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: RowellE0
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976CAIRO05752
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D760162-0582
From: CAIRO
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t19760412/aaaaajli.tel
Line Count: 113
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION NEA
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: RowellE0
Review Comment: n/a
Review Content Flags:
Review Date: 03 JUN 2004
Review Event:
Review Exemptions: n/a
Review History: RELEASED <03 JUN 2004 by BoyleJA>; APPROVED <21 OCT 2004 by RowellE0>
Review Markings:

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US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: GOE GEARS UP FOR SADAT MAYDAY SPEECH
TAGS: ELAB, PINT, EG
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006